
BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA

INTERIM ORDER

Under Sections 11 (1), 11 (4), 11 (4A), 11B (1) and 11 B (2) of the Securities and Exchange Board of India Act, 1992

In the matter of Front Running: Various Funds of Fidelity Group

In respect of:

S. No.	Name of the Entity	PAN
1	Vaibhav Dhadda (alias Avi Dhadda)	DFAPD6039C
2	Alka Dhadda	BBIPD5396J
3	Arushi Dhadda	DFAPD6005J
4.	Pramod Jain (HUF)	AALHP5134K
5.	Beena Jain	AOMPJ7655J
6.	Aditya Barla	ANJPB2487N
7.	Sumit Kanungo	AUCPK0661M
8.	Prashant Jain	AOMPJ7656M
9.	Pranay Vaid	ACZPV5511A
10.	Siddharth Jain	AEWPJ4559H
11.	Riya Jain (Kanungo)	AHKPJ1006A

BACKGROUND

1. Securities and Exchange Board of India's (hereinafter referred to as "**SEBI**") surveillance system had generated alerts for possible instances of front running by the entity, Alka Dhadha during the period May – August, 2019.
2. Based on the aforesaid alerts, SEBI conducted a preliminary examination for the period May 29, 2019 to August 23, 2019 (hereinafter referred to as "**Examination Period**") to look into the possible violations of the provisions of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as the "**SEBI Act**") and various regulations framed thereunder including SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (hereinafter referred to as the "**PFUTP Regulations**") by certain entities including Alka Dhadha.

SEBI's EXAMINATION

3. SEBI's preliminary examination brought out the following:
 - i) From the account of Alka Dhadha, orders were placed and executed before the orders of various entities of Fidelity Group, named in the following Table (hereinafter referred to as the "**Big Clients**" or "**Fidelity Group**"), and subsequently she squared off her positions, when the orders of Fidelity Group entities were placed in the market.

- ii) From the account of Arushi Dhadda orders were placed and executed before the orders of Fidelity Asian Values PLC, and she subsequently squared off positions when the orders of Fidelity Asian Values PLC were placed in the market.
- iii) A total of 18 entities of Fidelity Group were identified which had common scrip days with Alka Dhadda and Arushi Dhadda. Out of these 18 entities, Alka Dhadda and Arushi Dhadda had *prima facie* front running instances with the following 11 entities of Fidelity Group / Big Clients, who had transacted through various Trading Members:

Table- 1

Sl. No.	Big Client Name	Trading Member
1.	Fidelity Funds - Emerging Markets	HSBC Securities & Capital Markets (India) Pvt. Ltd. J .P. Morgan India Pvt. Ltd.
2.	Fidelity Investment Services Ltd. A/C Fidelity	UBS Securities India Pvt. Ltd
3.	Fidelity Asian Values Plc	Goldman Sachs (India) Securities Pvt. Ltd.
4.	Fid Funds Mauritius Ltd.	Macquarie Capital Securities (India) Pvt. Ltd. IIFL Securities Ltd.
5.	Fidelity Funds Asia Pacific Dividend Fund	ICICI Securities Ltd.
6.	Fidelity Investment Services Ltd.	Edelweiss Securities Ltd.
7.	Fidelity Management & Research Company	Citigroup Global Markets India Pvt. Ltd.

Sl. No.	Big Client Name	Trading Member
8.	Fidelity Investment Trust Fidelity INT Small Cap Opportunities Fund	HSBC Securities & Capital Markets (India) Pvt. Ltd.
9.	Fidelity India Fund	Jefferies India Private Ltd.
10.	Fidelity Advisor Series I Fidelity Advisor Equity Growth Fund	Motilal Oswal Financial Services Ltd.
11.	Fidelity Funds - Emerging Markets Focus Fund	DSP Merrill Lynch Ltd.

- iv) The trading pattern of Alka Dhadha and Arushi Dhadha suggested that they managed their trading to take advantage of the impending trading activity of Fidelity Group entities by front running them, and thereby generated profits for themselves from the price movement of scrips on account of the large buy / sell orders of Fidelity Group entities.
- v) Vaibhav Dhadha also known as Avi Dhadha, an employee of Fidelity International Ltd. and a relative of Alka Dhadha and Arushi Dhadha, was the trader for all of the 11 Fidelity Group entities mentioned in the aforesaid table, and had provided trade instructions to the Trading Members for the said Fidelity Group entities.
- vi) It appeared that Vaibhav Dhadha had *prima facie* front run various entities of Fidelity Group by placing orders through the trading accounts of Alka Dhadha and Arushi Dhadha.

INTERIM ORDER DATED DECEMBER 04, 2019

4. In light of the aforesaid findings of SEBI's examination, an interim order dated December 4, 2019 (hereinafter referred to as the "**Interim Order**") was passed by SEBI. The Interim Order was passed taking into account the facts and circumstances described therein, which are, *inter alia*, summarised as under:

- i) Vaibhav Dhadda was privy to the information as to when the 11 Fidelity Group entities would place the order for buy / sell in a particular scrip as he was the trader dealing with the respective Trading Members on behalf of the 11 Fidelity Group entities for the said trades. Thus, he was in possession of information of the impending trades of Fidelity Group entities which was not available in the public domain.
- ii) Vaibhav Dhadda was the son of Alka Dhadda and was the brother of Arushi Dhadda.
- iii) The trading pattern of the trades executed from the trading accounts of Alka Dhadda and Arushi Dhadda were analysed, and it showed that the tranches of the orders of the first leg of the trades of Alka Dhadda and Arushi Dhadda had been placed on or before the time of the last tranche of the orders placed by Fidelity Group entities.
- iv) Based on a review of various related facts like opening of trading accounts and bank accounts by Alka Dhadda and Arushi Dhadda, fund transfers, placement of orders, particulars of the trading and trading history of Alka Dhadda and Arushi Dhadda,

coupled with the relationship between the entities, it was *prima facie* concluded that the trades executed from the trading accounts in the name of Alka Dhadda and Arushi Dhadda via internet based trading facility of Arihant Capital Markets Ltd. had 'front run' the orders of 11 Fidelity Group entities.

- v) The front running activity of Alka Dhadda / Vaibhav Dhadda / Arushi Dhadda had resulted in *prima facie* benefit to the tune of Rs. 1,85,75,843 in the trading account of Alka Dhadda and Rs. 28,500 in the trading account of Arushi.
- vi) It was further *prima facie* held that Vaibhav Dhadda had front run various entities of Fidelity Group by placing orders through the trading accounts of Alka Dhadda and Arushi Dhadda. Thus, he was *prima facie* liable for the front running trades executed from the trading accounts in the name of Alka Dhadda and Arushi Dhadda maintained with Arihant Capital Markets Ltd.
- vii) It was also *prima facie* held that Alka Dhadda and Arushi Dhadda by opening trading accounts and bank accounts and by giving access to Vaibhav Dhadda of their trading accounts, had played an active part / participated in the scheme / device to front run the trades of the Big Clients. Thus, Alka Dhadda and Arushi Dhadda were also *prima facie* liable for the front running trades executed from their trading accounts.
- viii) The actions of Vaibhav Dhadda, Alka Dhadda and Arushi Dhadda had *prima facie* resulted in contravention of regulations 3 (a), 3 (b), 3 (c), 3(d), 4(1) and 4(2)(q) of PFUTP Regulations.

- ix) Based on the aforesaid findings, the following directions were issued against the entities:
- a) The entities namely, Vaibhav Dhadda, Alka Dhadda and Arushi Dhadda were restrained from buying, selling or dealing in the securities market or associating themselves with securities market, either directly or indirectly, in any manner whatsoever till further directions.
 - b) The entities were directed to cease and desist from undertaking any activity in the securities market, directly or indirectly, in any manner whatsoever till further directions.
 - c) The entities were directed to provide a full inventory of all assets held in their name, jointly or severally, whether movable or immovable, or any interest or investment or charge on any of such assets, including details of all bank accounts, demat accounts and mutual fund investments, immediately but not later than 5 working days from the date of receipt of this order.
 - d) The entities were directed not to dispose of or alienate any assets, whether movable or immovable, or any interest or investment or charge on any of such assets, held in their name, jointly or severally, including money lying in bank accounts except with the prior permission of SEBI.
 - e) The entities were directed to open an escrow account with a nationalised bank, jointly and severally and deposit the amount of Rs. 1,86,04,343, *prima facie* found to be unlawful gain, within 15 days from the date of service of the Interim Order. The escrow account/s shall be an interest bearing escrow

account and a lien will be marked on this account in favour of SEBI. Further, the monies kept therein shall not be released without the permission from SEBI.

- f) The banks including ICICI Bank Ltd. where the entities were holding bank accounts, jointly or severally, were directed to ensure that till further directions, except for compliance of directions made in the Interim Order, no debits were to be made in the said bank accounts without the permission of SEBI.
 - g) The Depositories were directed to ensure that till further directions, except for compliance of directions made in the Interim Order, no debits were to be made in the demat accounts, of the entities held jointly or solely.
 - h) The Registrar and Transfer Agents were also directed to ensure that till further directions, except for compliance of directions made in the Interim Order, the securities / units held in the name of the entities, jointly or severally, were not to be transferred / redeemed.
5. Vide the Interim Order, the entities, namely Vaibhav Dhadda, Alka Dhadda and Arushi Dhadda were advised to submit their replies, and were also advised to indicate whether they desired to avail an opportunity of hearing.

CONFIRMATORY ORDER DATED JUNE 15, 2019

6. As already stated, the Interim Order had *prima facie* brought out the scheme engineered by Vaibhav Dhadda to 'front run' the trades of the various entities of Fidelity Group

and the role played by Alka Dhadda and Arushi Dhadda in the said scheme. Thus, the acts of the said entities while acting under the alleged scheme, were found to be *prima facie* fraudulent in nature as defined under Regulation 2 (1) (c) of PFUTP Regulations. Also, it was noted from the records (Bank of India email dated May 18, 2020) that the entities have deposited the *prima facie* wrongful gains in an escrow account of Bank of India, Jaipur Branch (Account no. 660010110011424) with a lien marked in favour of SEBI.

7. Consequent to the Interim Order, the entities namely Vaibhav Dhadda, Alka Dhadda and Arushi Dhadda made submissions in respect of the findings/ directions in the Interim Order through Mr. Ravi Ramaiya (hereinafter referred to as the “**AR**”), who attended the hearing.
8. In consideration of the reply and information submitted by the entities, the *prima facie* findings in the Interim Order that the entities had acted in a fraudulent manner, which was in contravention to the provisions of regulations 3 (a), 3 (b), 3 (c), 3(d), 4(1) and 4(2)(q) of PFUTP Regulations were confirmed by way of an Order dated June 15, 2020 (hereinafter referred to as the “**Confirmatory Order**”).
9. Further, the following directions of the Interim Order were also confirmed:

“14.1 Mr. Vaibhav Dhadda (alias Mr. Avi Dhadda) (PAN: DFAPD6039C), Ms. Alka Dhadda (PAN: BBIPD5396J) and Ms. Arushi Dhadda (PAN: DFAPD6005J) are restrained from buying, selling or dealing in the securities market or associating themselves with securities market, either directly or indirectly, in any manner whatsoever till further directions.

14.2 Mr. Vaibhav Dhadda (alias Mr. Avi Dhadda) (PAN: DFAPD6039C), Ms. Alka Dhadda (PAN: BBIPD5396J) and Ms. Arushi Dhadda (PAN: DFAPD6005J) are directed to cease and desist from undertaking any activity in the securities market, directly or indirectly, in any manner whatsoever till further directions.

14.3 Needless to say that in view of the prohibition on sale of securities, during the period of restraint, the existing holding, including units of mutual funds, of the Noticees shall remain frozen including the demat accounts held by the entities, individually or jointly and severally.”

10. Furthermore, it was noted in the Confirmatory Order that a detailed investigation in the matter was in progress, which may bring out additional roles of the entities, if any, in detail, depending on the material and after considering the facts and veracity of their submissions.

DETAILED INVESTIGATION

11. As noted in the Confirmatory Order, the detailed investigation in the matter which was in progress has now been concluded. The said detailed investigation was with respect to the possible instances of front running by the entities viz. Alka Dhadda and Arushi Dhadda during the period February 01, 2019 – November 30, 2019, which had come to the knowledge of SEBI pursuant to its preliminary examination of the matter. Additionally, NSE had also forwarded a report to SEBI on four other entities namely, Aditya Barla, Beena Jain, Pramod Jain (HUF) and Sumit Kanungo, who also may have been involved in front running activities in the instant matter. Thus, SEBI conducted the aforesaid detailed investigation to ascertain whether there was any violation of the

provisions of the PFUTP Regulations and SEBI Act, 1992 by Vaibhav Dhadda (alias Avi Dhadda), Alka Dhadda and Arushi Dhadda, any other individual/entity associated to Vaibhav Dhadda or any employee/officer who was aware/involved in placing trades on behalf of the entities of Fidelity Group for front running the trades of various funds of Fidelity during the period February 01, 2019 – November 30, 2019 (herein after referred to as the “**Investigation Period**”).

12. The Investigation Report that has been prepared consequent to a detailed investigation by SEBI can be broadly segregated into four essential parts: A. Persons/Entities of relevance, B. Connections between various entities, C. Trading activity of relevant entities and D. Quantum of unlawful gains made. A part-wise summary of the findings of the detailed investigation is provided hereunder.

A. Persons/Entities of Relevance

13. The entities, relevant to the case, have been broadly segregated into three sub-groups:
- i) entities of Fidelity Group whose trades were prima-facie front run;
 - ii) entity that was instrumental and responsible for front running the impending trades of the aforesaid Fidelity Group entities, by sharing the confidential information about the impending trades with Front Runner Account Holders and by facilitating the trading by such Front Runner Account Holders; and
 - iii) Front Runner Account Holders: The registered owners of the accounts in which front running behavior has been observed.

Entities of Fidelity Group whose trades were *prima-facie* front run

14. At the first instance, Fidelity Group entities, which had common scrip days with Front Runner Account Holders were identified. Consequent to the same, it was found that Front Runner Account Holders had front running instances with the following 21 entities of Fidelity Group / Big Clients, who had transacted through various Trading Members:

Table - 2

Sr. No.	Big Client	Trading Member
1	Fidelity Funds - Emerging Markets	HSBC Securities & Capital Markets (India) Pvt. Ltd.
2	Fidelity Funds - Emerging Markets	J .P. Morgan India Private Limited
3	Fidelity Investment Services Limited A/C Fidelity	UBS Securities India Pvt. Ltd
4	Fidelity Asian Values Plc	Goldman Sachs (India) Securities Private Limited
5	Fid Funds Mauritius Limited	Macquarie Capital Securities (India) Pvt. Ltd.
6	Fid Funds Mauritius Limited	IIFL Securities Limited

7	Fidelity Funds Asia Pacific Dividend Fund	ICICI Securities Limited
8	Fidelity Investment Services Ltd	Edelweiss Securities Limited
9	Fidelity Management & Research Company	Citigroup Global Markets India Pvt. Ltd.
10	Fidelity Management And Research Company	Morgan Stanley India Company Private Limited
11	Fidelity Management And Mgmt Co A/C - Fidelity Investment Tr	CLSA India Private Limited
12	Fidelity Investment Trust Fidelity Int Small Cap Opportunities Fund	HSBC Securities & Capital Markets (India) Pvt. Ltd.
13	Fidelity India Fund	Jefferies India Private Limited
14	Fidelity Advisor Series I Fidelity Advisor Equity Growth Fund	Motilal Oswal Financial Services Limited
15	Fidelity Investment Trust Fidelity Total Emerging Markets Fund	Credit Suisse Securities (India) Private Limited
16	Fil Genesis Limited - Fidelity Fast Asia Pilot	Deutsche Equities India Private Limited

17	Fidelity Funds Asian Smaller Companies Pool	Kotak Securities Ltd.
18	Fidelity Funds - Emerging Markets Focus Fund	DSP Merrill Lynch Limited
19	Fidelity International Concentrated Equity Fund	Nomura Financial Advisory and Financial Securities Private Limited
20	Fidelity Funds Asian Smaller Companies Pool	Anand Rathi Share Stock Brokers Limited
21	Fidelity Asian Values Plc	Anand Rathi Share Stock Brokers Limited

Entity that was instrumental and responsible for front running the impending trades of the aforesaid Fidelity group entities, by sharing the confidential information about the impending trades with Front Runner Account Holders and by facilitating the trading by such Front Runner Account Holders.

15. It was observed that Vaibhav Dhadda was the trader for the said 21 Fidelity Group entities, and he provided trade instructions to the trading members of all the 21 Fidelity Group entities. Further, in the statement recorded before the Investigating Authority, Vaibhav Dhadda has submitted on oath that he was an assistant dealer in Fidelity when he joined Fidelity in 2017. Subsequently, he became a sales trader of Fidelity in 2019

when he started trading on their behalf (Fidelity). He has also submitted that he used to get the information regarding the trades to be executed on behalf of Fidelity Group entities one day before the actual day of trading.

16. In view of the above, it is *prima-facie* concluded that Vaibha Dhadha was aware as to when the 21 Fidelity Group entities would place the order for buy / sell in a particular scrip, as he was the trader who was dealing with the respective Trading Members on behalf of the 21 Fidelity Group entities. It is also observed that the decision of the Fidelity Group entities to acquire shares or sell its shares / information about its possible trades is confidential information of the concerned entities as the said information is non-public information. Therefore, it is further concluded that Vaibhav Dhadha was in possession of information of the impending trades of Fidelity Group entities which was not available in the public domain.

Front Runner Account Holders: The registered owners of the accounts in which front running behavior has been observed.

17. It was *prima-facie* observed that certain entities were front-running the trades of Fidelity group entities during the Investigation Period by accessing prior information about their buy/sell trades. Brief details of the entities are given in the table below:

Table - 3

Entity name	Address, E-Mail Id and Mobile	Broker name	Date of account opening and name of the

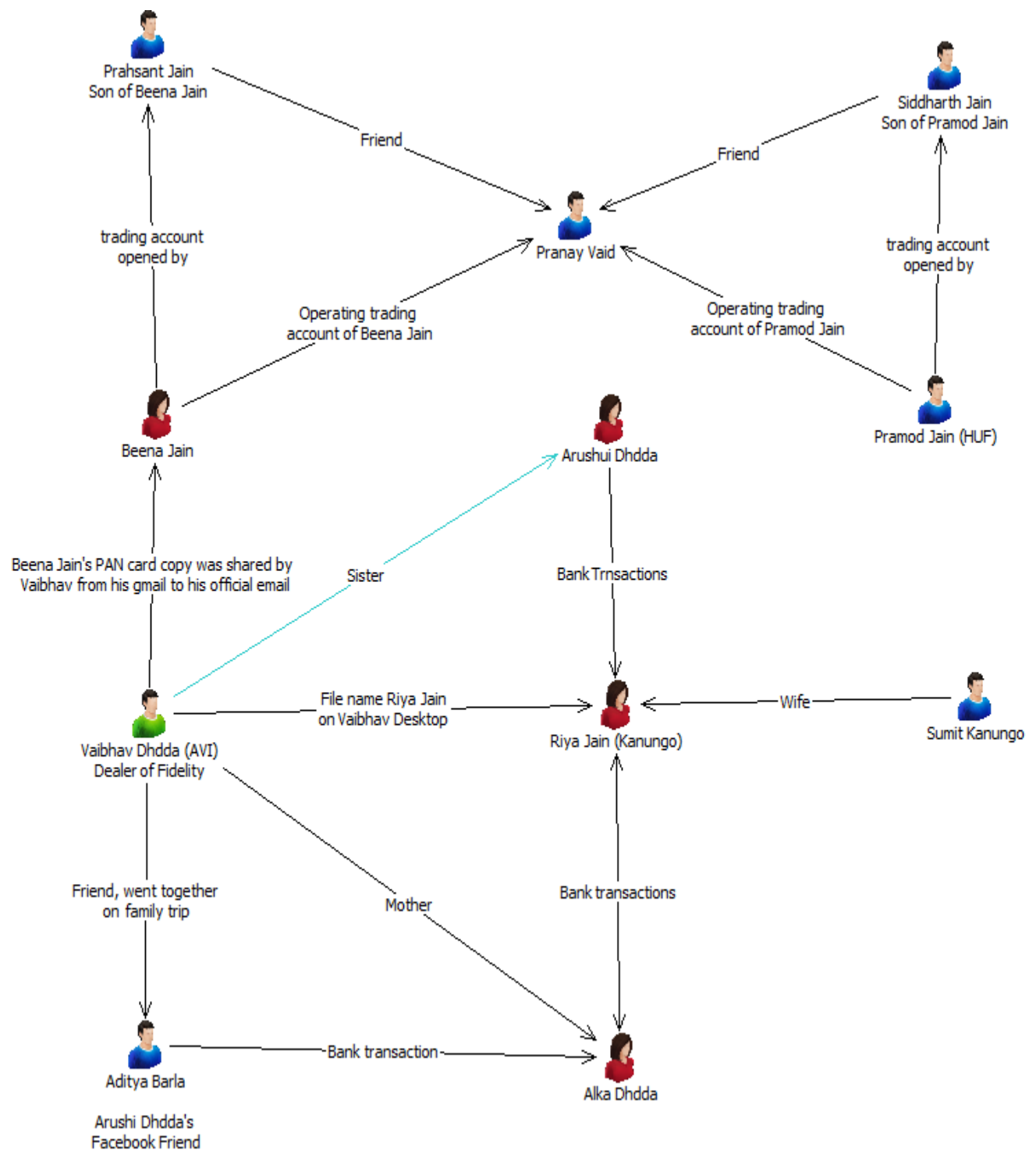
			person who had opened the trading account
Aditya Barla	<p>S/o Pradeep Barla, 1-K-7, Dadabari, Kota-324009 Rajasthan, India</p> <p>Email: jain.adi999@gmail.com/ adi_loveforever@yahoo.com</p> <p>Mob No.: 9828218688/ 9772888358</p>	Arihant Capital Markets Limited	Dec 29, 2017 Account is opened by Aditya Barla
Sumit Kanungo	<p>24/60 Bhokle Kaloni, Khargone, Madhya Pradesh, India, 451001</p> <p>Email: sumitkanungo@gmail.com</p> <p>Mob No.: 9977320003/ 8602571000/ 9893220003</p>	Indira Securities Private Limited	July 25, 2019 Sumit Kanungo opens account. Riya Jain (wife of Sumit) was introducer
Beena Jain	<p>AE - 57 Scheme No 54, Vijay Nagar, Indore, 18, India</p> <p>Email: beenjaina@gmail.com jprash01@gmail.com</p> <p>Mob No.: 9993528500/9893999968</p>	Arihant Capital Markets Limited	Aug 23, 2019 Prashant Jain opens account. (Son of Beena Jain)
Pramod Kumar Jain (HUF)	<p>11, Ram Krishan Ganj, Bhagat singh Road, Khandwa, 18, Madhya Pradesh 450001</p> <p>Siddarthjainmba@gmail.com</p> <p>Mobile Number: 9425085060</p>	Arihant Capital Markets Limited	Feb 21, 2019 Siddarth Jain opened account. (Son of Pramod Kumar Jain)

Alka Dhadda	9 Uniara Garden M D Road Jawahar Nagar Jaipur Rajasthan India 302004 Mobile Number : 7304604821 Email: avidhadda92@gmail.com	Arihant Capital Markets Ltd.	23 May, 2019 Account is opened by Vaibhav Dhadda
Arushi Dhadda	9 Uniyara Garden Moti Dungri Road Jawahar Nagar Jaipur Rajasthan India 302004 Email: avidhaddu92@gmail.com Mob No.: 7304604821	Arihant Capital Markets Ltd.	23 May, 2019 Account is opened by Vaibhav Dhadda

B. Connections Between Various Entities

Connection between Front Runner Account Holders and Big Clients' trader i.e. Vaibhav Dhadda

18. Front Runner Account Holders who *prima-facie* indulged in front running the trades of Fidelity group entities were observed to be connected to Vaibhav Dhadda based on financial transactions, KYC details, and from others details viz., travelling together for vacation on the same PNR, sharing of PAN, etc. A pictorial representation of the same is given below:



19. Connection of each of the Front Runner Account Holders with Vaibhav Dhadda is elaborated in the following paragraphs.

Connection between Vaibhav Dhadda and Alka Dhadda

Connection Details

20. In the statement given on oath before the investigating authority Vaibhav Dhadda has submitted that Alka Dhadda is his mother.
21. The passport of Vaibhav Dhadda show his parents to be Virender Dhadda and Alka Dhadda. The profile of Vaibhav Dhadda on the matrimonial website (www.jainshubhbandhan.com) shows him as the son of Virender Dhadda and Alka Dhadda.
22. Also, both Vaibhav Dhadda and Alka Dhadda have Hong Kong Permanent Identity Cards.

Opening of Trading Account of Alka Dhadda

23. The trading account of Alka Dhadda was opened with Arihant Capital Markets Ltd. on May 23, 2019, which was just before front running trades were carried out in the said trading account.
24. Further, Vaibhav Dhadda in his statement has submitted that he has opened the trading account of Alka Dhadda with Arihant Capital market Limited and operated through internet-based facility.
25. The e-mail id given by Alka Dhadda in her KYC is avidhadda92@gmail.com which indicates that the communication of all the trades in that account were only going to Vaibhav Dhadda.

Opening of Bank Account and Fund Transfers

26. The ICICI Bank account (678201502110) in the name of Alka Dhadda, linked to the aforesaid trading account, was also opened on May 23, 2019 which was just before the period when front running trades were executed.
27. Alka had received funds of Rs. 49,000 from Mr. Vaibhav Dhadda in the new account as per the narration in the bank statement.

Trading History of Alka Dhadda:

28. Prior to May 29, 2019 (the day when front running started), Alka Dhadda did not have any instance of trading in any other security/contract through any trading account.

Placement of orders from the trading account of Alka Dhadda (IP Address analysis)

29. The trades from the trading account of Alka Dhadda were executed using internet-based trading facility of the trading member.
30. As per IP analysis, it was observed that there were 51 unique IP addresses starting with 182, 157, 61 and 118 from which trades had been effected. The IP starting with 182, 61 and 118 are from Hong Kong, and IP starting with 157 is from Jaipur.
31. Vaibhav Dhadda is an employee of Fidelity Group and he was working in Hong Kong.
32. In her statement to SEBI, Alka Dhadda has submitted that her trading account was managed by her son i.e. Vaibhav Dhadda.

33. In his statement, Vaibhav Dhadda has submitted on oath that he has indulged in front running as alleged in the Interim Order and the Confirmatory Order.

34. Considering the facts brought out above, it is seen that the relationship between Alka Dhadda and Vaibhav Dhadda is that of mother and son. Thus, in view of this close relationship, along with the contributing facts brought out hereinabove, it is *prima facie* established that orders placed from the account of Alka Dhadda were being placed by Vaibhav Dhadda.

Connection between Vaibhav Dhadda and Arushi Dhadda

Connection details

35. In his statement, Vaibhav Dhadda has submitted on oath that Arushi Dhadda is his sister. The nomination details filed in the account opening form of Arushi Dhadda with ICICI Bank Ltd. show Alka Dhadda as her mother. Arushi Dhadda's PAN details show Virender Dhadda as her father.

36. Thus, Arushi Dhadda is the daughter of Alka Dhadda and Virender Dhadda, and hence, sister of Vaibhav Dhadda.

Opening of Trading Account of Arushi Dhadda

37. The trading account of Arushi Dhadda was opened with Arihant Capital Markets Ltd. on May 23, 2019, which was just before front running trades were carried out in the said trading account.

38. Further, Vaibhav Dhadda in his statement has submitted that he opened the trading account of Arushi Dhadda with Arihant Capital Markets Limited, and operated it through internet-based facility.
39. The e-mail id given by Arushi Dhadda in her KYC is avidhadda92@gmail.com which indicates that the communication of all the trades in that account were only going to Vaibhav Dhadda.

Opening of Bank Account and Fund Transfers

40. The ICICI Bank account (678201502111) in the name of Alka Dhadda, linked to the aforesaid trading account, was also opened on May 23, 2019 which was just before the period when front running trades were executed.
41. It is seen that Arushi received an amount of Rs. 2,00,000 from Alka Dhadda on the same day when the bank account was opened, and thereafter an amount of Rs. 15,00,000 was credited to her account on August 17, 2019 by Alka Dhadda.
42. Arushi is shown as a “student” in the KYC of the trading account.

Trading History of Arushi Dhadda

43. Prior to May 29, 2019 (the day when front running started), Arushi Dhadda did not have any instance of trading in any other security/contract through any trading account.

Placement of orders from the trading account of Arushi Dhadda (IP Address analysis)

44. The trades from the trading account of Arushi Dhadda maintained were executed using internet-based trading facility of the trading member.
45. As per IP analysis, it was observed that there were 10 unique IP addresses starting with 182, 157 and 61 from which trades had been effected. The IP starting with 182 and 61 are from Hong Kong, and IP starting with 157 is from Jaipur.
46. Vaibhav Dhadda is an employee of Fidelity Group and he was working in Hong Kong.
47. In her statement to SEBI, Arushi Dhadda has submitted that her trading account was managed by her brother i.e. Vaibhav Dhadda.
48. In his statement, Vaibhav Dhadda has submitted on oath that he has indulged in front running as alleged in the Interim Order and the Confirmatory Order.
49. Considering the facts brought out above, it is seen that the relationship between Arushi Dhadda and Vaibhav Dhadda is that of sister and brother. Thus, in view of this close relationship, along with the contributing facts brought out hereinabove, it is *prima facie* established that the orders placed from the account of Arushi Dhadda were being placed by Vaibhav Dhadda.

Connection between Vaibhav Dhadda and Aditya Barla

Connection details

50. In his statement, Vaibhav Dhadda has submitted that Aditya Barla was his friend, and he had known him for the last two-three years. It was also submitted that he had

travelled with Aditya Barla and his wife Ishu Soni from Hong Kong to Manila on a family trip.

51. Fidelity Group conducted an internal investigation on the conduct of Vaibhav Dhadda, which includes forensic review of Vaibha Dhadda's desktop, personal mobile etc.
52. Consequent to this, vide email dated October 29, 2020 to SEBI, Fidelity Group submitted copy of an air travel ticket, in which Vaibhav Dhadda and Aditya Barla travelled from Hong Kong to Manila on April 2019 on the same PNR. Vaibhav Dhadda had booked the tickets; hence, Vaibhav Dhadda received the ticket through an email.
53. In his statement, Vaibhav Dhadda has submitted that he had shared Big Clients' (Fidelity Group entities) trade information with Aditya Barla before Big Clients' trade execution as he used to get the information regarding the trades to be executed one day before the actual day of trading.
54. In his statement, Vaibhav Dhadda has also submitted that he had discussed with Aditya Barla about SEBI's investigation, and that SEBI was seeking information from him with respect to their relationship.
55. In her statement, Arushi Dhadda has also submitted that she knows Aditya Barla and his wife, Ishu Soni.
56. It is seen that Aditya Barla is/was a friend of Arushi Dhadda on the social-networking site, Facebook.
57. By way of an email dated August 11, 2020, Alka Dhadda informed that she had sold a gemstone ring to Aditya Barla. Regarding this transaction, Alka Dhadda in her statement has submitted that she had sold her ring to Aditya Barla in Hong Kong at a

jewelry store. Aditya Barla had given her 20,000 Hong Kong dollars as a security. After Aditya Barla had transferred Rs. 2,00,000 to her Indian bank account she returned the 20,000 Hong Kong Dollars to him.

58. From the bank statement of Alka Dhadda, it was observed that she had received money from Aditya Barla on May 17 & 19, 2019 in her Indian bank account for the said sale.

Placement of orders of Aditya Barla (IP Address analysis)

59. The trades from the trading account of Aditya Barla maintained with Arihant Capital Markets Ltd. were executed using internet based trading facility of the trading member.

60. As per the IP analysis, it was observed that there were 129 unique IP addresses through which trading was being carried out. Some of the IP addresses, which were starting with 103, 112, 124, 182, 203, 210, 218, 58 and 61 are from Hong Kong and some of the IP addresses starting with 122 and 180 are from Philippines.

Analysis of order placed from Hong Kong

61. Aditya Barla works in Hong Kong and he has been living in Hong Kong since the last three years.

62. As brought out before, Aditya Barla is a close friend of Vaibhav Dhadda and Facebook friend of Arushi Dhadda.

63. Further, Vaibhav Dhadda in his statement has submitted that he shared Big Clients' trade information with Aditya Barla one day before the placement of the orders on behalf of Fidelity.

Analysis of order placed from Philippines

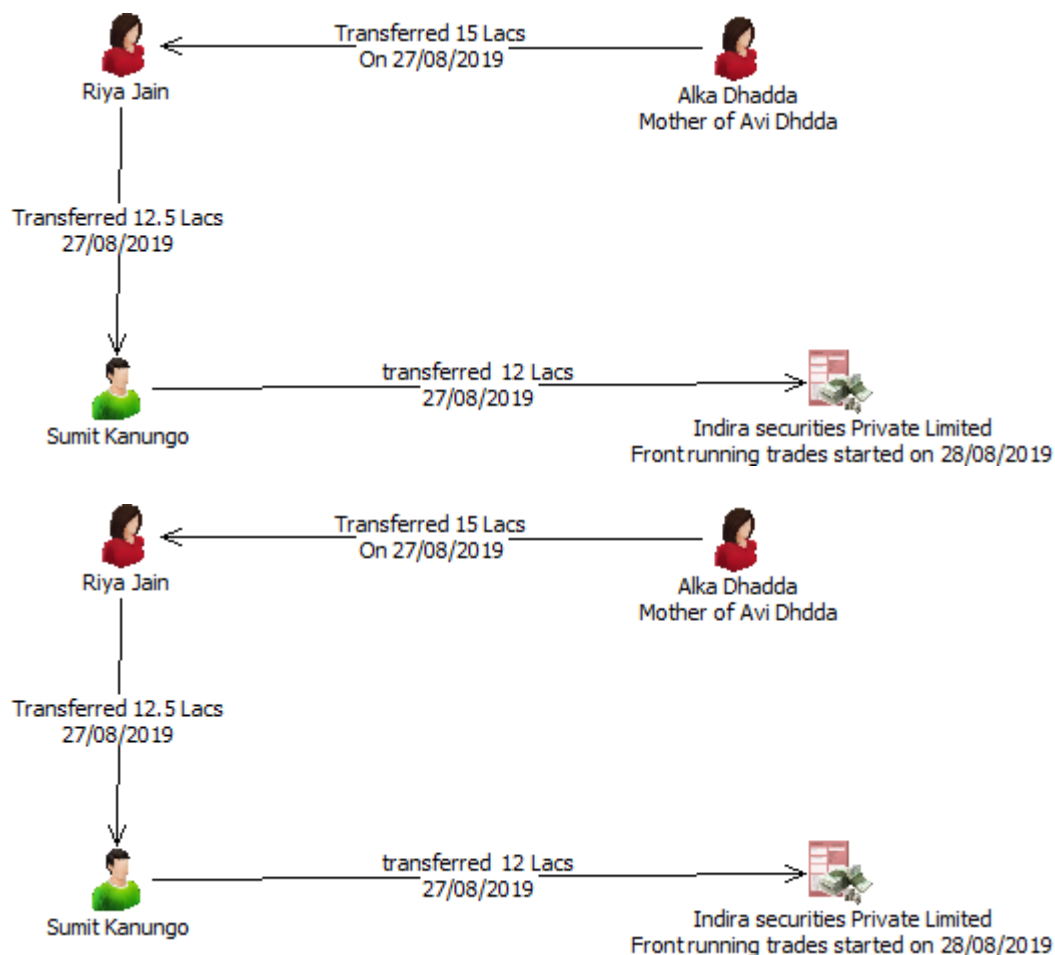
64. Orders were placed from the trading account of Aditya Barla through Philippines IP address on April 18, 2019 and April 22, 2019.
65. Vaibhav Dhadda and Aditya Barla went on a holiday from Hong Kong to Manila (Philippines) on April 18, 2019 and returned to Hong Kong on April 22, 2019. Therefore, Aditya Barla and Vaibhav Dhadda were together on both the days.
66. Considering the facts brought out above, it is seen that Vaibhav Dhadda was clearly known to Aditya Barla. Vaibhav Dhadda also went on a holiday with Aditya Barla and Barla's wife. Further, Arushi Barla, the sister of Vaibhav Dhadda, is known to Aditya Barla and his wife, Ishu Soni. Thus, in view of the friendship between Vaibhav Dhadda and Aditya Barla, along with the contributing facts brought out in the preceding paragraphs, it is *prima facie* established that the orders placed from the account of Aditya Barla were being placed by Aditya Barla, at the instance of Aditya Barla or Vaibhav Dhadda.

Connection between Vaibhav Dhadda and Sumit Kanungo

Connection Details

67. Sumit Kanungo, in his statement to SEBI, has submitted that Riya Jain, his wife, had financial transactions with Alka Dhadda, and she had taken a loan of approximately Rs.15 lakh from Alka Dhadda.

68. In this regard, the bank statement of the said entities were further analyzed. A pictorial representation of the same is given below:



69. It is seen from the above pictorial representation that—

- i) Alka Dhadha had transferred Rs. 15 lakh to Riya Jain on August 27, 2019. On the same day, Riya Jain (Kanungo) transferred Rs. 12.5 lakh to Sumit Kanungo.

- ii) Further, on the same day. Sumit Kanungo transferred Rs. 12 lakh (Out of the money received from Riya Jain) to Indira Securities Private Limited prima-facie for front running the trades of the Big Clients i.e. Fidelity Group entities.
- iii) Front running trades started next day i.e. August 28, 2019 from Sumit Kanungo's trading account maintained with Indira Securities Private Limited.

70. Further, it was observed that there were multiple bank entries where funds have been transferred by Riya Jain to Arushi Dhadda. The funds were transferred on October 03, 2019, which was after the front running activities were being carried out. Hence, prima-facie the profits earned from front running the trades were shared by Riya Jain with the Dhadda Family.

71. Fidelity Group vide email dated November 12, 2020 submitted to SEBI an excel file which they have recovered from the desktop of Vaibhav Dhadda. The Excel file was named 'Riya Jain', and it was observed that the said file contained details of certain financial transactions. One sheet of the aforesaid Excel file has been reproduced below:

Table – 4

1,200,000.00	189		A	R
1,199,811.00				
10,000.00	24,387.00		20,728.95	3,658.05
	11,162.00		9,487.70	1,674.30
	51,841.00		44,064.85	7,776.15
	75,749.00		64,386.65	11,362.35
	9,822.00		8,348.70	1,473.30

	37,810.00		32,138.50	5,671.50
	59,259.00		50,370.15	8,888.85
	5,375.00		4,568.75	806.25
	159,385.00		135,477.25	23,907.75
	126,930.00		107,890.50	19,039.50
	154,350.00		131,197.50	23,152.50
	118,947.00		101,104.95	17,842.05
	92,332.00		78,482.20	13,849.80
	58,441.00		49,674.85	8,766.15
	4,500.00		3,825.00	675.00
	990,290.00		841,746.50	148,543.50
2,190,101.00				

72. From the aforesaid table, prima-facie following major observations are made:

- i) Initial 'A' would stand for 'Avi' (Vaibhav Dhadda) and initial 'R' would stand for 'Riya Jain'; and
- ii) A total amount of Rs. 9,90,290 has been divided between Vaibhav Dhadda and Riya Jain in the ratio 85:15 as for every entry, 85% has been allocated to Vaibhav Dhadda and the remaining 15% has been allocated to Riya Jain.

73. Further, it is also observed that Sumit Kanungo earned a total profit of around Rs. 12 Lakh, as detailed in the subsequent Paragraphs of this order (which is close to the figure

in the above excel sheet) by front running the trades of impending orders of Fidelity group entities.

74. Hence, it *prima facie* appears that the bank entries found in the bank statement of Alka Dhadda, Arushi Dhadda, Sumit Kanungo and Riya Jain (Kanungo) do not arise from any loan transaction; rather those transactions *prima-facie* are financing transaction for carrying out front running activities and the profit generated from such activities.

Opening of Trading Account of Sumit Kanungo

75. Trading account of Sumit Kanungo was opened with Indira Securities Private Limited on July 25, 2019 which was just before the period when the front running trades were executed from his account.

76. Apart from this trading account, Sumit Kanungo has 5 other trading accounts with different trading members which were opened during 2007 to 2016.

77. *Prima facie*, it appears that the aforesaid trading account with Indira Securities Private Limited was specifically opened for carrying out trades based on front running impending orders of Big Clients.

Placement of orders of Sumit Kanungo (IP Address analysis)

78. The trades from the trading account of Sumit Kanungo maintained with Indira Securities Private Limited were executed using internet based trading facility of the trading member.

79. In his statement, Sumit Kanungo has submitted that he and his wife Riya Jain (Kanungo) both were operating his trading account. Further, it was also submitted by both of them that they have never travelled to Hong Kong and they don't even have passports.
80. Details provided by the Trading Member were analysed and it was observed that majority of the orders were placed from Hong Kong IP Address.
81. As stated above, Vaibhav Dhadda was working in Hong Kong and as established above he and his family were connected to Riya Jain and Sumit Kanungo.
82. So, it is prima-facie concluded that Vaibhav Dhadda was instrumental and responsible for placing orders from Sumit Kanungo's trading account for orders placed using Hong Kong's IP address. The other orders were being placed by Sumit Kanungo and Riya Jain from the trading account of Sumit Kanungo based on the information shared by Vaibhav Dhadda.

Trading History of Sumit Kanungo

83. Sumit Kanungo had traded on 21 trading days during the investigation period (August 28, 2019 to November 30, 2019). Prior to August 28, 2019, Sumit Kanungo had executed his last trade 3 years before i.e. on October 18, 2016 from another trading account.
84. Considering the facts brought out above, it is seen that Riya Jain had financial transactions with Alka Dhadda. The funds transferred to Riya Jain by Alka Dhadda were in turn transferred by her to Sumit Kanungo, who was her husband. These funds

were then used by Sumit Kanungo to place orders. Further, an Excel file bearing the name 'Riya Jain' was discovered from Vaibhav Dhadda's computer, whose contents purport to the distribution of profits earned as a consequence of front running between Riya Jain/ Sumit Kanungo and Vaibhav Dhadda. Thus, in view of the emergence of clear connection between Riya Jain/ Sumit Kanungo on one hand and Alka Dhadda/Vaibhav Dhadda, along with the contributing facts brought out in the preceding paragraphs, it is *prima facie* established that the orders placed from the account of Sumit Kanungo were being placed by Sumit Kanungo/ Riya Jain at the instance Vaibhav Dhadda or by Vaibhav Dhadda himself.

Connection between Vaibhav Dhadda and Beena Jain

Connection Details

85. As per the submissions made by Beena Jain, she is 58 years and she is living in Indore for the past 5 years. Further, as per her submissions, her health has not been well and that's why she could not come for statement recording on issuance of summons for personal appearance.
86. Fidelity Group, vide email dated October 29, 2020 submitted to SEBI, shared an email copy wherein the PAN card of Beena Jain had been shared by Vaibhav Dhadda's gmail account with his official (i.e. Fidelity) email id. On both sides of the said email was Vaibhav Dhadda i.e. the recipient and the sender of the copy of the PAN card on email was Vaibhav Dhadda.

87. In his statement, Vaibhav Dhadha has submitted that he is the only one who had access to his gmail and official email id, and that he did not remember when this PAN card was shared from his gmail account with his official email id.
88. Date of the email is September 16, 2019 and front running activities in Beena Jain's trading account was also observed during the same time period i.e. August 28, 2019 to November 26, 2019.
89. Beena Jain has submitted that she has not been operating her account. Her account has been opened by her son Prashant Jain. In his statement, Prashant Jain has submitted that he opened the trading account on behalf of his mother Beena Jain. His mobile number and email id had been provided in Beena Jain's trading account/KYC.
90. The trading account of Beena Jain was operated by Pranay Vaid, who is a very good friend of Prashant Jain. Prashant Jain was aware about the trades executed in his mother's account i.e. Beena Jain's trading account.

Opening of Trading Account of Beena Jain

91. The trading account of Beena Jain was opened with Arihant Capital Market Limited on August 23, 2019, which was just before the period when the front running trades were executed in her account. It was also observed that apart from this trading account Beena Jain had one other trading account with Nirman Share Brokers Pvt. Ltd. which was opened in 2017. Hence, it *prima facie* appears that the aforesaid trading account with Arihant Capital Market Limited was specifically opened for front running the trades of Big clients.

Placement of orders of Beena Jain (IP Address analysis)

92. The trades from the trading account of Beena Jain maintained with Arihant Capital Markets Ltd. were executed using internet based trading facility of the trading member. As per IP analysis, it was observed that there were 18 unique IP Address for the trades carried out from her account. Out of the said 18 unique IP addresses, IP address starting with 182, 14 and 61 are from Hong Kong and IP address starting with 27, 142 and 178 are from Indore, Bengaluru and Singapore respectively. Further, orders placed from the IP address starting with 27 was on November 14, 2019, Orders from the IP address starting with 142 was on November 01, 2019 and orders placed from the IP address starting with 178 were on November 4 and 7, 2019.
93. In his statement, Prashant Jain (Son of Beena Jain) submitted on oath that he and his friend Pranay Vaid were operating the trading account of Beena Jain. Further, it was submitted by both Prashant Jain and Pranay Vaid that they had never travelled to Hong Kong. Furthermore, Prashant Jain could not explain as to how, if he hadn't travelled to Hong Kong, then how could he place orders in the account of Beena Jain from an IP address in Hong Kong.
94. In his statement, Pranay Vaid has submitted that he and his team on instructions were placing orders from the trading account of Beena Jain, but subsequently submitted that he had no idea with regard to the *modus operandi* adopted for placing the orders from the trading account of Ms. Beena Jain.

95. Vaibhav Dhadda works in Hong Kong and he had a copy of the PAN Card of Beena Jain on his computer.

Trading History of Beena Jain

96. Beena Jain had traded on 23 trading days during the investigation period (August 23, 2019 to November 26, 2019).

97. Prior to August 23, 2019, Beena Jain has executed her last trade 2 years before i.e. on December 26, 2017 through another trading member (Nirman Share Brokers Pvt.Ltd). Hence, Beena Jain was not an active trader in the securities market prior to the investigation period.

98. Considering the facts brought out above, it is seen that trades were executed from Hong Kong, even though Beena Jain, in whose account the trading activity has taken place, has never been to Hong Kong. Similarly, Pranay Vaid and Prashant Jain, who were operating the trading account of Beena Jain, had also not been to Hong Kong. Further, Vaibhav Dhadda had access to the PAN card of Beena Jain, which he had sent from his gmail account to his official email account of Fidelity. Thus, in view of the emergence of the fact that Beena Jain, Prashant Jain and Pranay Vaid are directly/indirectly associated/connected with Vaibhav Dhadda, along with the contributing facts brought out in the preceding paragraphs, it is *prima facie* established that the orders placed from the account of Beena Jain were being placed by Prashant Jain/Pranay Vaid, at the instance of Vaibhav Dhadda or by Vaibhav Dhadda himself.

Connection between Vaibhav Dhadda and Pramod Jain HUF

Connection details

99. Pramod Jain has submitted that he has not been operating his account. His account has been opened by his son Siddharth Jain.

100. In his statement, Siddharth Jain has submitted that his friend Pranay Vaid has been operating the trading account of Pramod Jain HUF with Arihant capital market Ltd. He has further submitted that he was aware about the trades executed by Pranay Vaid in Pramod Jain HUF's trading account.

101. Pranay Vaid submitted that he and his team have been operating trading accounts of Pramod Jain (HUF). Further, Pranay Vaid was known both to Siddharth Jain, son of Pramod Jain and Prashant Jain, son of Beena Jain.

Opening of Trading Account of Pramod Kumar Jain (HUF)

102. The trading account of Pramod Kumar Jain (HUF) was opened with Arihant Capital Market Limited on Feb 21, 2019.

103. The e-mail id given in Pramod Kumar Jain (HUF)'s trading account as per the KYC documents is siddharthjain974@gmail.com and the Mobile number provided is that of Siddharth Jain, indicating that the communication of trades in that account would go to Siddharth Jain.

Placement of orders of Pramod Kumar Jain (HUF)(IP Address analysis)

104.The trades from the trading account of Pramod Kumar Jain (HUF) maintained with Arihant Capital Markets Ltd. were executed using internet based trading facility of the trading member.

105.As per the IP analysis, it was observed that there were 26 unique IP Address starting with 182 which is located in Hong Kong.

106.In their statements both Siddharth Jain (Pramod Jain's son) and Pranay Vaid, who were operating the trading account of Pramod Kumar Jain (HUF), have submitted that they have never travelled to Hong Kong.

107.Hence, it is concluded that they were not placing the orders in Pramod Kumar Jain HUF's trading account, which were being placed from Hong Kong. Further, Siddharth Jain could not explain as to how, if he hadn't travelled to Hong Kong, could he place orders in the account of Pramod Kumar Jain (HUF) from an IP address in Hong Kong.

Trading History of Pramod Kumar Jain HUF

108.The trading history of Pramod Kumar Jain (HUF) shows that he has traded 23 trading days during investigation period (September 12, 2019 to October 31, 2019). Further, prior to September 12, 2019, Pramod Jain (HUF) has executed only six trades during the years 2017 and 2018. Hence, Pramod Jain (HUF) was not an active trader in the securities market prior to the investigation period.

109. Considering the facts brought out above, it is seen that trades were executed from Hong Kong, even though Pramod Kumar Jain, in whose account the trading activity has taken place, has never been to Hong Kong. Similarly, Pranay Vaid and Siddharth Jain, who were operating the trading account of Pramod Kumar Jain, had also not been to Hong Kong. Thus, in view of the emergence of the fact that Pramod Kumar Jain, Siddharth Jain and Pranay Vaid are directly/indirectly associated/connected with Vaibhav Dhadda, along with the contributing facts brought out in the preceding paragraphs, it is *prima facie* established that the orders placed from the account of Pramod Kumar Jain (HUF) were being placed by Siddharth Jain /Pranay Vaid, at the instance of Vaibhav Dhadda or Vaibhav Dhadda.

C. Summary of trading activity of Front-runners during the investigation period

Alka Dhadda

110. During the Investigation Period, front running trades activities were *prima-facie* observed in the trading account of Alka Dhadda during the period from May 29, 2019 to August 23, 2019.

68 Instances

111. During the Investigation period, on 68 instances it was observed that when a bulk buy order was about to come from one of the Fidelity Group entities, buy trades were executed from the trading account of Alka Dhadda, and sell order was placed from the

trading account of Alka Dhadda just before or after the Fidelity Group entity, in order to square off her position to earn profits. It was observed that in all 68 instances, buy and sale quantity of all the trades of Alka Dhadda were the same. She squared off all her positions to earn profits. The difference upon squaring off in respect of the 68 instances was **Rs. 1,48,69,707.10**.

37 Instances

112. During the Investigation period, on 37 Instances, when a bulk sell order was about to come from one of the Fidelity Group entities, sell trades were executed from the trading account of Alka, just prior to the sell order of Fidelity Group entity and buy order was placed just before or after the Fidelity Group entity in order to square off her positions to earn profits. It was observed that in all 37 instances, buy and sale quantity of all the trades of Alka Dhadda were the same. She squared off all her positions to earn profits. The difference upon squaring off in respect of the 37 instances was **72,90,758.65**. A few illustrations are given below to explain the pattern of the trades executed from the trading account of Alka Dhadda around the trading activity of the Fidelity Group entities:.

Illustrations of Buy-Buy-Sell

Scrip of Shriram Transport Finance Company Ltd. (SRTRANSFIN)

113. On June 13, 2019, buy orders were placed from the trading account of Alka for 1,10,000 shares between 12:54:40 pm and 2:22:46 pm. The buy start price was Rs. 1,045

and end buy price was Rs. 1,085 (i.e. at an average price of Rs. 1068.81). The buy order for 1,60,674 shares was placed by the Fidelity Asian Values Plc. between 1:12:26 pm and 3:00:33 pm. The buy start price was Rs. 1,059.20 and end buy price was Rs. 1,080 (i.e. at an average price of Rs. 1081.40). As soon as Fidelity Asian Values Plc. started buying, sell orders were put for 1,10,000 shares between 1:13:12 pm and 2:26:01 pm from the trading account of Alka. The sell start price was Rs. 1,065 and sell end price was Rs. 1,095 (i.e. at an average of Rs. 1081.36). The entire trade had a positive square off difference of Rs. 13,80,534.

114. Thus, from the above, it is seen that the buy orders from the trading account of Alka Dhadda started before the impending buy order of the Fidelity Group entity. Further, as and when buy orders of Fidelity Group entity were placed in the system, because of the sudden surge in demand for a considerable quantity, there was an upward movement in the price of the scrip and correspondingly, sell trades were executed from the trading account of Alka Dhadda.

Illustrations of Sell-Sell-Buy

Scrip of Tata Communications Ltd. (TATACOMM)

115. On July 15, 2019, sell orders were placed from the trading account of Alka for 37,770 shares between 9:42:46 am and 2:08:49 pm. The sell start price was Rs. 495.85 and sell end price was Rs. 492 (i.e. at an average of Rs. 493.77). The sell order for 58,700 shares was placed by Fidelity Asian Values Plc. between 2:12:01 pm and 2:12:23 pm. The sell start price was Rs. 492.40 and sell end price was Rs. 490 (i.e. at an average of Rs. 490.06).

As soon as Fidelity Asian Values Plc. started selling, buy orders were put for 37,700 shares between 2:12:17 pm and 2:12:23 pm from the trading account of Alka. The price at which the buy trades were executed was Rs. 490. The entire trade had a positive square off difference of Rs. 1,42,449.

116. Thus, from the above, the sell orders from the trading account of Alka Dhadha started before the impending sell order of the Fidelity Group entity. Further, as and when the sell order of Fidelity Group entity was placed in the system, there was a downward movement in the price of the scrip because of the sudden surge in the number of shares available for sale vis-à-vis demand for the same and correspondingly, buy trades were getting executed from the trading account of Alka Dhadha.

117. In view of the above, trades executed from the trading account of Alka Dhadha wherein the buy / sell trades are executed depending on the impending buy / sell orders of the Fidelity Group entities. Moreover, the instances of trades from the trading account in the name of Alka Dhadha were 105 in number within a short period of time (approximately 3 months) and were not isolated instances i.e., transactions are repeated in nature on different dates. From the aforesaid trades, it was observed that Alka Dhadha has made gains of Rs. 2,21,60,466.

Arushi Dhadda

118. During the Investigation Period, front running trades activities were *prima-facie* observed in the trading account of Arushi Dhadda during the period from May 29, 2019 to August 23, 2019.

4 Instances

119. During the Investigation period, on 4 instances it was observed that when a buy order was about to come from one of the Fidelity Group entities, buy trades were executed from the trading account of Arushi just prior to the buy order of Fidelity Asian Values Plc., and sell orders were placed from the trading account of Arushi, just before or after the Fidelity group entity order, to square off her position to earn profits. It was observed that buy and sale quantity of all the trades of Arushi were the same. She squared off all her positions to earn profits. The difference upon squaring off in respect of the 4 instances was Rs. **28,986.40.**

2 Instances

120. In 2 Instances, when a bulk sell order was about to come from one of the Fidelity Group entities, sell trades were executed from the trading account of Arushi Dhadda, just prior to the sell order of Fidelity Group entity. Also, buy orders were placed just before or after the sell orders of Fidelity Group entity in order to square off her position to earn profits. It was observed that buy and sale quantity of all the trades of Arushi

Dhadda were the same. She squared off all her positions to earn profits. The difference upon squaring off in respect of the 2 instances was **Rs. 45,612**. One illustration is given below to explain the pattern of the trades executed from the trading account of Arushi around the trading activity of Fidelity group entities:

Illustration of Buy-Buy-Sell

Scrip of Gujrat Gas Ltd. (GUJGASLTD)

121. On May 31, 2019, buy order was placed from the trading account of Arushi for 3,000 shares at 11:53:39 am. The buy price was Rs. 183.95. The buy order for 2,43,494 shares was placed by the Fidelity Asian Values Plc. between 12:04:38 pm and 12:08:02 pm. The buy start price was Rs. 180 and end buy price was Rs. 186 (i.e. at an average price of Rs.183). As soon as Fidelity Asian Values Plc. started buying, sell order was put for 3,000 shares at 12:08:01 from the trading account of Arushi. The sell price was Rs.186. The entire trade had a positive square off difference of Rs. 6,143.

122. Thus, from the above, it was observed that the buy order from the trading account of Arushi Dhadda was placed before the impending buy order of Fidelity Asian Values Plc. Further, as and when the buy order of Fidelity Asian Values Plc. was placed in the system, because of the sudden surge in demand for a considerable quantity, there was an upward movement in the price of the scrip and correspondingly, sell trade was executed from the trading account of Arushi Dhadda.

123. In view of the above, trades executed from the trading account of Arushi Dhadda wherein the buy / sell trades are executed depending on the impending buy / sell orders

of the Fidelity Group entities. Moreover, it is observed that 6 trades were executed from the trading account of Arushi Dhadda and all the said trades had the aforesaid pattern. Thus, 100% of the trades from the Arushi's trading account had a common pattern. From the aforesaid trades, it is observed that Arushi Dhadda has made gains of Rs. 74,598.40.

Sumit Kanungo

124. During the Investigation Period, front running trades were *prima-facie* observed in the trading account of Sumit Kanungo from August 28, 2019 to November 30, 2019.

4 Instances

125. During the Investigation period, on 4 instances it was observed that when a bulk buy order was about to come from one of the Fidelity Group entities, buy trades were executed from the trading account of Sumit Kanungo, just prior to the buy order of Fidelity Group entity and sell order was placed just before or after the buy order of the Fidelity Group entity in order to square off his position to earn profits. It was observed that buy and sale quantity of all the trades of Sumit Kanungo were the same. He squared off all his position to earn profits. The difference upon squaring off in respect of the 4 instances was **Rs. 80,012.75.**

21 Instances

126. In 21 Instances, when a bulk sell order was about to come from one Fidelity Group entities, sell orders were executed from the trading account of Sumit Kanungo, just prior to the sell order of Fidelity Group entity and buy order were placed just before or after the order of Fidelity Group entity in order to square off his position to earn profits. It was observed that buy and sale quantity of all the trades of Sumit Kanungo were the same. He squared off all his positions to earn profits. The difference upon squaring off in respect of the 21 instances was **Rs. 11,22,643.10**. An illustration is given below to explain the pattern of the trades executed from the trading account of Sumit Kanungo around the trading activity of the Fidelity Group entities

Illustration of (Sell-Sell-Buy)

Scrip of Cummins India Ltd (CUMMINSIND)

127. On October 16, 2019, Sell order was placed from the trading account of Sumit Kanungo for 20000 shares during 11:38:36 and 11:40:26 with a start price of Rs. 576.05 and end price of Rs. 575. Big Client, Fidelity Asian Values Plc (AAACF6980H) sold 56906 shares in equity segment during 12:14:35 and 12:14:48 with a start price of Rs. 574.45 and end price of Rs. 568. Sumit Kanungo subsequently bought 20000 shares in Equity segment during 12:14:43 and 12:14:44 with a start price of Rs. 568 and end price of Rs. 568 and earned a square off difference of Rs. 128565.7.

128. Thus, from the above, the sell orders from the trading account of Sumit Kanungo started before the impending sell order of the Fidelity Group entity. Further, as and when the sell order of Fidelity Group entity was placed in the system, there was a downward movement in the price of the scrip because of the sudden surge in the number of shares available for sale vis-à-vis demand for the same, and correspondingly, buy trades were getting executed from the trading account of Sumit Kanungo.

129. In view of the above, the buy / sell trades executed from the trading account of Sumit Kanungo were executed depending on the impending buy / sell orders of the Fidelity Group entities. Moreover, the instances of trades from the trading account in the name of Sumit Kanungo are 25 in number within a short period of time (approximately 2 months) and are not isolated instances i.e., transactions are repeated in nature on different dates. From the aforesaid trades, it is observed that Sumit Kanungo has made gains of Rs. 12,02,655.85.

Beena Jain

130. During the Investigation Period, front running trades were *prima-facie* observed in the trading account of Beena Jain from August 23, 2019 to November 26, 2019.

15 Instances

131. During the Investigation period, on 15 instances it was observed that when a bulk buy order was about to come from one of the Fidelity Group entities, buy trades were executed from the trading account of Beena Jain, just prior to the buy order of Fidelity

Group entity and sell order was placed just before or after the Fidelity Group entity orders to square off her position to earn profits. It was observed that buy and sale quantity of all the trades of Beena Jain were the same. She squared off all her position to earn profits. The difference upon squaring off in respect of the 15 instances was **Rs. 17,47,747.65**

19 Instances

132. Further, in 19 Instances, when a bulk sell order was about to come from one of the Fidelity Group entities, sell trades were executed from the trading account of Beena Jain, just prior to the sell order of Fidelity Group entity and buy order was placed just before or after the Fidelity Group entity orders to square off her position to earn profits. It was observed that buy and sale quantity of all the trades of Beena Jain were the same. She squared off all her positions to earn profits. The difference upon squaring off in respect of the 19 instances was **Rs. 18,70,248.70**. A few illustrations are given below to explain the pattern of the trades executed from the trading account of Beena Jain around the trading activity Fidelity Group entities

Illustration of (Buy -Buy-Sell)

Scrip of ICICI Lombard General Insurance Co Ltd (ICICIGI):

133. On September 03, 2019, Beena Jain (AOMPJ7655J) bought 20,000 shares during 12:12:16 and 13:11:22 with a start price of Rs. 1266.75 and end price of Rs. 1265. Big Client, Fidelity Asian Values Plc (AAACF6980H) bought 145000 shares in equity

segment during 13:17:09 and 13:20:41 with a start price of Rs. 1258.75 and end price of Rs. 1270. Beena Jain subsequently sold 20000 shares in Equity segment during 13:20:13 and 13:21:07 with a start price of Rs. 1270, end price of Rs. 1262.05, and earned a square off difference of Rs. 74927.25.

134. Thus, from the above, it was observed that the buy order from the trading account of Beena Jain was placed before the impending buy order of Fidelity Asian Values Plc. Further, as and when the buy order of Fidelity Asian Values Plc. was placed in the system, because of the sudden surge in demand for a considerable quantity, there was an upward movement in the price of the scrip and correspondingly, sell trade was executed from the trading account of Beena Jain.

Illustration of (Sell-Sell-Buy)

Scrip of Mahindra & Mahindra Limited (M&M)

135. On September 20, 2019, Beena Jain (AOMPJ7655J) sold 61500 shares during 11:31:50 and 11:34:13 with a start price of Rs. 550.3 and end price of Rs. 546.2. Big Client, Fidelity Asian Values Plc (AAACF6980H) sold 706431 shares in equity segment during 12:02:23 and 12:07:41 with a start price of Rs. 558.05 and end price of Rs. 546.6. Beena Jain subsequently bought 61500 shares in Equity segment during 12:06:59 and 12:07:38 with a start price of Rs. 546.5 and end price of Rs. 547 and earned a square off difference of Rs. 99030.8.

136. Thus, from the above, it was observed that the sell orders from the trading account of Beena Jain started before the impending sell order of the Fidelity Group entity. Further,

as and when the sell order of Fidelity Group entity was placed in the system, there was a downward movement in the price of the scrip because of the sudden surge in the number of shares available for sale vis-à-vis demand for the same, and correspondingly, buy trades were getting executed from the trading account of Beena Jain.

137. In view of the above, buy / sell trades were executed from the trading account of Beena Jain depending on the impending buy / sell orders of the Fidelity Group entities. Moreover, the instances of trades from the trading account in the name of Beena Jain are 35 in number within a short period of time (approximately 2 months) and are not isolated instances i.e., transactions are repeated in nature on different dates. From the aforesaid trades, it is observed that Beena Jain made gains of Rs. 36,17,996.35 from these trades.

Aditya Barla

138. During the Investigation Period, front running trades were *prima-facie* observed in the trading account of Aditya Barla from February 01, 2019 to May 31, 2019.

21 Instances

139. During the Investigation period, on 21 instances it was observed that when a bulk buy order was about to come from one of the Fidelity Group entities, buy trades were executed from the trading account of Aditya Barla just prior to the buy order of Fidelity Group entity and sell order was placed just before or after the Fidelity Group entities order to square off his position to earn profits. It was observed that buy and sale

quantity of all the trades of Aditya Barla were the same. He squared off all his trades to earn profits. The difference upon squaring off in respect of the 21 instances was **Rs. 18,22,301.95**

9 Instances

140. In 9 Instances, when a bulk sell order was about to come from any of the Fidelity Group entities, sell trades were executed from the trading account of Aditya Barla just prior to the sell order of Fidelity Group entity and buy order was placed just before or after the Fidelity Group entities order to square off his position to earn profits. It was observed that buy and sale quantity of all the trades of Aditya Barla were the same. He squared off all his position to earn profits. The difference upon squaring off in respect of the 9 instances was Rs. 9,59,529.50.

141. A few illustrations are given below to explain the pattern of the trades executed from the trading account of Aditya Barla around the trading activity of any of the Fidelity Group entities

Illustration of (Buy –Buy-Sell)

Scrip of Lupin Limited (LUPIN)

142. On February 15, 2019, Aditya Barla (ANJPB2487N) bought 10000 shares between 10:46:01 and 11:24:09 with a start price of Rs. 785.4 and end price of Rs. 785.95 (i.e. at an avg price of Rs.786.05). Big Client, Fidelity Asian Values Plc (AAACF6980H) bought 120571 shares in equity segment between 10:49:44 and 11:32:37 with a start

price of Rs. 785.25 and end price of Rs. 786.5 (i.e. at an avg price of Rs.788.25). Aditya Barla subsequently sold 10000 shares in Equity segment between 10:49:56 and 11:27:42 with a start price of Rs. 790 and end price of Rs. 789 (i.e. at an avg price of Rs.789.50) and earned a square off difference of Rs. 34454.1. Front Running Client Aditya Barla has 100% match trade with the Big Client Fidelity Asian Values Plc.

143. Thus, from the above, it was observed that the buy order from the trading account of Aditya Barla was placed before the impending buy order of Fidelity Asian Values Plc. Further, as and when the buy order of Fidelity Asian Values Plc. Was placed in the system, because of the sudden surge in demand for a considerable quantity, there was an upward movement in the price of the scrip and correspondingly, sell trade was executed from the trading account of Aditya Barla.

Illustration of (Sell-Sell-Buy)

Scrip of Sobha Ltd (SOBHA)

144. On April 09, 2019, Aditya Barla (ANJPB2487N) sold 50000 shares in Equity segment between 09:24:40 and 10:18:42 with a start price of Rs. 510.45 and end price of Rs. 505 (i.e. at an avg price of Rs.507.70). Big Client, Fidelity Asian Values Plc (AAACF6980H) sold 53725 shares in equity segment between 11:03:44 and 11:18:49 with a start price of Rs. 503.95 and end price of Rs. 502 (i.e. at an avg price of Rs.502.28). Aditya Barla subsequently bought 50000 shares in Equity segment between 11:03:45 and 11:18:48 with a start price of Rs. 503 and end price of Rs. 502 (i.e. at an avg price of Rs.502.20)

and earned a square off difference of Rs. 275218.5. Front Running Client Aditya Barla has 97.33% of match trade with the Big Client Fidelity Asian Values Plc

145. Thus, from the above, it was observed that the sell orders from the trading account of Aditya Barla started before the impending sell order of the Fidelity Group entity. Further, as and when the sell order of Fidelity Group entity was placed in the system, there was a downward movement in the price of the scrip because of the sudden surge in the number of shares available for sale vis-à-vis demand for the same and correspondingly, buy trades were getting executed from the trading account of Aditya Barla and same matched with Fidelity Group entity.

146. In view of the above, the buy / sell trades were executed from the trading account of Aditya Barla depending on the impending buy / sell orders of the Fidelity Group entities. Moreover, the instances of trades from the trading account of Aditya Barla are 30 in number within a short period of time (approximately 2 months) and are not isolated instances i.e., transactions are repeated in nature on different dates. From the aforesaid trades, it was observed that Aditya Barla has made gains of Rs. 27,81,831.45.

Pramod Kumar Jain (HUF)

147. During the Investigation Period, front running activities were *prima-facie* observed in the trading account of Pramod Kumar Jain (HUF) from September 12, 2019 to October 31, 2019.

17 Instances

148. During the Investigation period, on 17 instances it was observed that when a bulk buy order was about to come from any of the Fidelity Group entities, buy trades were executed from the trading account of Pramod Jain (HUF), just prior to the buy order of Fidelity Group entity and sell order was placed just before or after the Fidelity Group entity order to square off his position to earn profits.

149. It was observed that buy and sale quantity of all the trades of Pramod Jain (HUF) were the same. He squared off all his positions to earn profits. The difference upon squaring off in respect of the 17 instances was Rs. 25,30,734.2

22 Instances

150. In 22 Instances, when a bulk sell order was about to come from one of the Fidelity Group entities, sell trades were executed from the trading account of Pramod Jain (HUF) just prior to the sell order of Fidelity Group entity and buy order was placed just before or after the Fidelity Group entity in order to square off her position to earn profits. It was observed that buy and sale quantity of all the trades of Pramod Jain (HUF) were the same. He squared off all his positions to earn profits. The difference upon squaring off in respect of the 22 instances was Rs. 31,63,824.10.

151. A few illustrations are given below to explain the pattern of the trades executed from the trading account of Pramod Jain (HUF) around the trading activity of the Fidelity Group entities.

Illustration (Buy-Buy-Sell)

Scrip of ICICI Lombard General Insurance Co Ltd (ICICIGI)

152. On October 14, 2019, Pramod Jain (HUF) (AALHP5134K) bought 44191 shares between 09:23:03 and 09:38:38 with a start price of Rs. 1213.95 and end price of Rs. 1235 (i.e. at an avg price of Rs. 1228.76). Big Client, Fidelity Asian Values Plc (AAACF6980H) bought 90317 shares in equity segment between 09:26:59 and 09:56:41 with a start price of Rs. 1222.45 and end price of Rs. 1235.65 (i.e. at an avg price of Rs. 1238.99). Pramod Jain (HUF) subsequently sold 44191 shares in Equity segment between 09:53:56 and 09:54:33 with a start price of Rs. 1240 and end price of Rs. 1240 (i.e. at an avg price of Rs. 1240) and earned a square off difference of Rs. 496726.9. Front Running Entity Pramod Jain (HUF) has 84.30% of match trade with the Big Client Fidelity Asian Values Plc.

153. Thus, from the above, it was observed that the buy order from the trading account of Pramod Jain (HUF) was placed before the impending buy order of Fidelity Asian Values Plc. Further, as and when the buy order of Fidelity Asian Values Plc. was placed in the system, because of the sudden surge in demand for a considerable quantity, there was an upward movement in the price of the scrip and correspondingly, sell trade was executed from the trading account of Pramod Jain (HUF) and same has been matched with Fidelity Asian Values Plc.

Illustration (Sell-Sell-Buy)

Scrip of Cummins India Ltd (CUMMINSIND)

154. On October 17, 2019, Pramod Jain (HUF) (AALHP5134K) sold 40000 shares in Equity segment between 10:49:42 and 11:32:44 with a start price of Rs. 573.05 and end price of Rs. 564 (i.e. at an avg price of Rs. 567.18). Big Client, Fidelity Asian Values Plc (AAACF6980H) sold 177151 shares in Equity segment between 11:34:17 and 15:16:52 with a start price of Rs. 564.5 and end price of Rs. 570 (i.e. at an avg price of Rs. 562.04). Pramod Jain (HUF) subsequently bought 40000 shares in equity segment between 11:34:36 and 11:34:41 with a start price of Rs. 560 and end price of Rs. 560 (i.e. at an avg price of Rs. 560) and earned a square off difference of Rs. 287256.95. Front Running Client Pramod Jain (HUF) has 99.27% of match trade with the Big Client, Fidelity Asian Values Plc.

155. Thus, from the above, it was observed that the sell orders from the trading account of Pramod Kumar Jain (HUF) started before the impending sell order of the Fidelity Group entity. Further, as and when the sell order of Fidelity Group entity was placed in the system, there was a downward movement in the price of the scrip because of the sudden surge in the number of shares available for sale vis-à-vis demand for the same and correspondingly, buy trades are getting executed from the trading account of Pramod Jain (HUF) and same has been matched with Fidelity Group entity.

156. In view of the above, the buy / sell trades executed from the trading account of Pramod Jain (HUF) were executed depending on the impending buy / sell orders of

the Fidelity Group entities. From the aforesaid trades, it is observed that Pramod Jain (HUF) made gains of Rs. 56,94,558.30.

D. Quantification of Unlawful gains

Defining Front Running trades for the purpose of calculation of Unlawful Gains

First Leg of Front Running

157. Reference is being drawn to SEBI Interim Order dated December 04, 2019 in the instant matter where inter-alia, following definition has been used to classify front running trading activity:

‘The order in securities was placed (directly or indirectly) by the front runner during the entire period of placement of impending substantial order of the Big Client and not just before the placement of substantial order, while in possession of the aforesaid non-public information. Since orders above the minimum lot size (particularly for large orders) are often placed in smaller tranches so as to have minimum impact on the price, the front runner can gain from placing his order(s) at any time before the last tranche of the Big Client’s order. In other words, all the tranches of the order of the first leg of the front runner that have been placed on or before the time of last tranche order placed by Big Client(s), would qualify as front running transactions. Conversely, any tranche of the first leg of the order put by the front-runner subsequent to the last tranche of the order of the Big Client will be excluded from being qualified as front running trade, though the earlier tranches of the front runner will still qualify as front running trades’.

158. Accordingly, all the tranches of the order of the first leg of the front runner that have been placed on or before the time of last tranche of the order placed by Fidelity Group entities have been taken as front running transactions.

Second Leg of Front Running

159. Reference is being drawn to SEBI Interim Order dated October 01, 2020 '*in the matter of front running by employee/ dealer of India Infoline Group and other connected entities using Mule Accounts*'. In the said order, the following factors, inter-alia, are used to classify trading activity as front running:

'It may be noted that the second leg of the Front Runner's orders which encashes the "advantage" of the first leg, need not necessarily be placed after the Big Client order since the Exchanges permit "limit orders" i.e., contingent orders like "sell if the price is more than Rs. X" or "buy if the price is lower than Rs. Y. Such limit orders can be placed in advance / "waiting" for the Big Client order to come and impact the price of the scrip.'

160. Accordingly, if the trade execution time of any second leg order of the front-runner is on or after the first tranche of order placed by Fidelity Group entities i.e. Big Clients, all such orders have been taken into consideration for calculation of unlawful gains made by front running the trades of Big Clients.

Unlawful profits made by front runners along with associated/connected entities

161. In accordance with the above, the unlawful gains made by the entities pursuant to front running is detailed hereunder:

Table – 5

Front runner entities	Trading Account opened and operated by	Entity in possession of information of impending orders of Big Client i.e. Fidelity Group entities	Total Unlawful gains (Rs.)	Amount already impounded (Rs.)	Person responsible jointly and severally
Aditya Barla	Aditya Barla	Vaibhav Dhadda	27,81,831.45	-	Aditya Barla & Vaibhav Dhadda
Sumit Kanungo	Sumit Kanungo and Riya Jain	Vaibhav Dhadda	12,02,655.85	-	Sumit Kanungo, Riya Jain (Kanungo), Alka Dhadda, Arushi Dhadda and Vaibhav Dhadda
Beena Jain	Prashant Jain and Pranay Vaid	Vaibhav Dhadda	36,17,996.35	-	Beena Jain, Prashant Jain, Pranay Vaid, and Vaibhav Dhadda

Pramod Kumar Jain (HUF)	Siddharth Jain and Pranay Vaid	Vaibhav Dhadda	56,94,558.30	-	Pramod Kumar Jain (HUF), Siddharth Jain, Pranay Vaid, Vaibhav Dhadda
Alka Dhadda	Vaibhav Dhadda	Vaibhav Dhadda	2,21,60,465.75	1,85,75,843	Alka Dhadda, Vaibhav Dhadda
Arushi Dhadda	Vaibhav Dhadda	Vaibhav Dhadda	74,598.40	28,500	Arushi Dhadda and Vaibhav Dhadda
Total (rounded off)			3,55,32,106	1,86,04,343	

CONCLUSION

162. It is seen that Alka Dhadda and Arushi Dhadda (opened and operated by Vaibhav Dhadda), Beena Jain (opened and operated by Prashant Jain and Pranay Vaid), Pramod Kumar Jain HUF (opened and operated by Siddharth Jain and Pranay Vaid), were not operating the trading account opened by them. In this regard, reference is made to para number 11.2.2 of the Confirmatory order of SEBI dated June 15, 2020 in the instant matter, which has been reproduced below:

I note that demat accounts and bank accounts are opened with proper compliance of Know Your Client (hereinafter referred to as “KYC”) norms. One of the objectives of KYC is to ensure that the said

accounts are operated by and for the beneficial interest of the persons whose identity has been verified at the time of account opening. KYC also ensures proper tracking and accountability of the person holding the said accounts in cases such accounts are used for illegal or fraudulent purposes. The requirement of KYC and purpose behind the KYC clearly shows that the said accounts are to be owned and operated by the persons whose identity is verified indicating that the accounts are personal in nature. The owner of such accounts may constitute another person as valid power of attorney holder to operate the accounts. However, such accounts are operated on the owner's behalf by the validly constituted power of attorneys.

But the practice of renting the accounts by name lending by account holders to third parties entails not only the operation of accounts by third persons but practically results in ownership and custody of those funds/ securities. Such persons employ their own resources in the form of shares and money mostly for their own illegal or fraudulent purpose, while the real identity of the owner of the funds and shares in the records of the operating institutions continue to vest with name-lending account holder. This devious practice helps the wrong doers to conceal their identity behind the name-lending account holders while the name lenders receive gratification in an easy way by being part of the wrong doing by renting their accounts. SEBI has found that this dubious practice is being followed by wrong doers in the market in new and diverse ways. The consequence of such dubious practice facilitates fraud in a camouflaged way designed to evade. Thus, such practices need to be strongly curbed in order to limit market fraud.

In this regard, Hon'ble Securities Appellate Tribunal (hereinafter referred to as "SAT") in the matter of Mahavirsingh N Chauhan and ANR vs. SEBI decided on October 18, 2019 has observed as follows: "We are of the opinion that by renting their demat account, trading account etc., the appellants were concealing the identity of the fraudster and, thus, were acting not only in concert but in connivance

with the said fraudster. The appellants cannot, thus, escape from the liability of debarment and the wrongful gains made by them.'

163. In the instant case, Alka Dhadda and Arushi Dhadda have not denied opening of trading accounts and bank accounts and giving access of the trading account to Vaibhav Dhadda. Both of them, by renting their demat accounts, concealed the identity of the prime executioner of the scheme i.e. Vaibhav Dhadda.

164. In a similar way, Beena Jain and Pramod Jain (HUF) have not denied opening of trading accounts and giving access of the trading account to Prashant Jain and Siddharth Jain respectively and in turn to Pranay Vaid. Both of them, by renting their demat accounts, concealed the identity of the prime executioner of the scheme.

165. Therefore, it *prima facie* appears that Alka Dhadda, Arushi Dhadda, Beena Jain and Pramod Kumar Jain (HUF) were acting not only in concert but also in connivance with Vaibhav Dhadda and others namely, Prashant Jain and Siddharth Jain under a pre-meditated plan to achieve the end objective of the scheme i.e. front running the trades of impending orders of Fidelity Group Entities.

166. Further, Sumit Kanungo and his wife, Riya Jain, mainly operated his (Sumit Kanungo's) trading account. Also, it has been established above that they both are connected with Dhadda family including Vaibhav Dhadda who was instrumental and responsible for carrying out front running activities in the account of Sumit Kanungo.

167. Hence, it *prima facie* appears that the 11 entities viz., 1) Vaibhav Dhadda, 2) Alka Dhadda, 3) Arushi Dhadda, 4) Pramod Kumar Jain (HUF), 5) Beena Jain, 6) Aditya Barla, 7) Sumit Kanungo, 8) Prashant Jain, 9) Pranay Vaid, 10) Siddharth Jain, and 11)

Riya Kanungo were acting in concert and were fraudulently buying or selling securities in advance of a substantial Big Client order which resulted in violation of Section 12A(a), 12A(b), and 12A(c) of SEBI Act, 1992, Regulation 2(1)(c), 3(a), 3(b), 3(c), 3(d), 4(1) and 4(2)(q) of SEBI PFUTP Regulations, 2003.

168.As mentioned in the preceding paragraphs, while a sum of Rs. 1,86,04,343 (One crore eighty six lakh four thousand three hundred and forty three rupees) has already been impounded, detailed Investigation has brought out that the total unlawful profits made by the front runners along with associated/connected entities was Rs. 3,55,32,106 (Three crore fifty five lakh thirty two thousand one hundred and six rupees). Considering the dubious conduct of the entities during SEBI's investigation, it appears that the entities are likely to divert the wrongful gains made from the front running trades, if the same is not impounded immediately. This may ultimately pose a hindrance in the effective implementation of any direction that may be passed in the final order, and may render the same infructuous. Non-interference by the Regulator at this stage would therefore result in irreparable injury to the interests of the securities market and the investors. It, therefore, becomes necessary for SEBI to take urgent steps of impounding and retaining the proceeds allegedly made by Aditya Barla, Sumit Kanungo, Beena Jain, Pramod Kumar Jain (HUF), Alka Dhadda and Arushi Dhadda by way of an interim measure. Considering the facts and circumstances of the case, the balance of convenience lies in favour of SEBI.

169.Accordingly, I am convinced that an ad-interim ex-parte Order needs to be issued against the 11 entities viz., 1) Vaibhav Dhadda, 2) Alka Dhadda, 3) Arushi Dhadda, 4)

Pramod Kumar Jain (HUF), 5) Beena Jain, 6) Aditya Barla, 7) Sumit Kanungo, 8) Prashant Jain, 9) Pranay Vaid, 10) Siddharth Jain, and 11) Riya Kanungo for impounding the alleged profits under Section 11(1), 11(4) and 11B(1) of the SEBI Act.

170. The details of the alleged profits, along with interest, made by the abovementioned entities are provided hereunder:

Table – 6

Entities liable	Total Unlawful gains (Rs.)	Interest (Rs.) ¶	Amount to be impounded (Rs.)
Aditya Barla and Vaibhav Dhadda	27,81,831.45	5,07,220.60	32,89,052.05
Sumit Kanungo, Riya Jain (Kanungo), Alka Dhadda, Arushi Dhadda and Vaibhav Dhadda	12,02,655.85	2,19,284.25	14,21,940.10

Beena Jain, Prashant Jain, Pranay Vaid, and Vaibhav Dhadda	36,17,996.35	6,59,681.33	42,77,677.68
Pramod Kumar Jain (HUF), Siddharth Jain, Pranay Vaid and Vaibhav Dhadda	56,94,558.30	10,38,307.80	67,32,866.10
Alka Dhadda and Vaibhav Dhadda	2, 21, 60, 465.75 (Amount already impounded is 1,85, 75,843. So, balance amount is 35, 84, 622.75)*	Interest on the Balance Amount = 6,53, 596.21 Interest on the Impounded Amount = 6,29,034.02	48,67,252.98
Arushi Dhadda and Vaibhav Dhadda	74,598.40 (Amount already impounded is 28,500. So, balance amount is 46,098)*	Interest on the Balance Amount = 8,405.202 Interest on the Impounded Amount = 965.09	55,468.29
	3,55,32,106		2,06,44,257

* Amount of Rs. 1,85,75,843 (One crore eighty five lakh seventy five thousand eight hundred and forty three rupees) has already been impounded with respect to the trade effected from the account of Alka Dhadda, and Rs. 28,500 (Twenty eight thousand and five hundred rupees) has already been impounded with respect to the trade effected from the account of Alka Dhadda.

¶ Rate of interest for the calculation of interest is 12 % p.a., simple interest.

@ Period of Interest for the alleged gains made is November 30, 2019 (the last date of the investigation period) to June 07, 2021. For the amount already impounded i.e., 1,86,04,343.00 (One crore eighty six lakh four thousand three hundred and forty three rupees), the period of interest has been taken to be August 23, 2019 (the last date of the examination period) till the date of the interim order i.e., December 04, 2019.

ORDER

171. In view of the foregoing, I, in exercise of the powers conferred upon me in terms of Section 19 read with Sections 11(1), 11(4)(d), 11(4A), 11B (1) and 11B (2) of the SEBI Act, hereby issue the following directions:

i) A sum of Rs. **2,06,44,257** (Two crore six lakh forty four thousand two hundred and fifty seven rupees), being the alleged unlawful gains, along with interest, shall be impounded, jointly and severally, from the entities mentioned in the table at paragraph no. 170.

ii)The Banks are directed that no debits shall be made, without the permission of SEBI, in respect of the bank accounts held by all the entities mentioned in the table in paragraph no. 170. Further, the Depositories are also directed that no debit shall be made, without the permission of SEBI, in respect of the demat accounts held by the said entities. However, credits, if any, into the accounts may be allowed. The Banks and the Depositories are directed to ensure that all the above directions are strictly enforced. Further, debits may also be allowed for amounts available in the account in excess of the amount to be impounded. Banks are allowed to debit the accounts for the purpose of complying with this Order.

iii)The Registrar and Transfer Agents are also directed to ensure that till further directions, except for compliance of direction at paragraph no. 170, the securities / units held in the name of entities tabulated in paragraph no. 170 above, jointly or severally, are not transferred / redeemed.

iv)The entities mentioned in the table in paragraph no. 170 are also directed not to dispose of or alienate any of their assets/properties/securities, till such time the amount mentioned in paragraph no. 170 is credited to an Escrow Account [**“Escrow Account in Compliance with SEBI Order dated June 07, 2021 – A/c (in the name of the respective persons/entities)”**] created specifically for the purpose in a Nationalized Bank. A lien shall be marked in the Escrow Account/s in favour of SEBI and the monies kept therein shall not be released without the permission of SEBI. On production of proof by any of the entities

mentioned in paragraph no. 170 that the said money has been deposited in the Escrow Account, SEBI shall communicate to the Banks and Depositories to defreeze the accounts.

v) Further, the entities mentioned in the table in paragraph no. 170 are directed to provide, within 7 days of this Order, a full inventory of all their assets and properties and details of all their bank accounts, demat accounts and holdings of shares/securities, if held in physical form and details of companies in which they hold substantial or controlling interest.

172. The observations/findings contained in this Order are made on the basis of Investigation concluded by SEBI in the matter. The findings in this order may be treated as allegations against the respective entities for the purpose of show cause against them. Accordingly, the entities mentioned in paragraph no. 170 are advised to show cause as to why suitable directions should not be issued/imposed against them under Sections 11(1), 11(4), 11 (4A), 11B (1) and 11B(2) of the SEBI Act, 1992 for the alleged violations of the provisions of Sections 12A(a), 12A(b), and 12A(c) of SEBI Act, 1992 read with Regulation 3(a), 3(b), 3(c), 3(d), 4(1) and 4(2)(q) of SEBI PFUTP Regulations, 2003, including the following,:

- i) Directing them to disgorge an amount equivalent to the total gains made on account of front running activities carried out by them;
- ii) Directing them to refrain from accessing the securities market and prohibiting them from buying, selling or otherwise dealing in securities for an appropriate period; and

iii) Imposition of penalty under Section 11 (4A) and Section 11B (2) of SEBI Act, 1992 read with Section 15 HA of SEBI Act, 1992.

173. SEBI shall serve upon the aforementioned entities all the relevant documents including the relevant extracts of the Investigation Report and the annexures therein along with this Order.

174. The entities mentioned at paragraph 170 may file their replies to SEBI within 30 days from the date of receipt of this order. They may also indicate in their replies whether they wish to avail an opportunity of personal hearing in the matter.

175. This Order is without prejudice to any other action that SEBI may initiate under the securities laws, as deemed appropriate, against the above mentioned entities.

176. This Order shall come into force with immediate effect and shall be in force till further Orders.

177. This Order shall be served on all Recognized Stock Exchanges, Depositories and Registrar and Share Transfer Agents and Banks to ensure necessary compliance.

Date: June 07, 2021

Place: Mumbai

**G MAHALINGAM
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA**